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SIPDIS

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SUBJECT: NAMIBIA-CHINA RELATIONS

REF: STATE 41697

This cable is in response to reftel. Sub-headings reflect questions 1-3 in reftel.

Focus Areas of Chinese Engagement in Namibia

¶1. China's focus in Namibia is mainly economic and commercial, with an underlying political objective of maintaining Namibian support for Chinese positions on certain issues (One China policy, Taiwan, UN, etc.). Chinese firms dominate the Namibian construction industry and have faced numerous allegations, including by some government officials, that they have improperly won government construction tenders. Local construction companies and human rights groups have accused Chinese firms of disregarding labor laws and of paying workers less than industry-mandated minimum wages. Small Chinese retail operations have a growing presence across Namibia in trade and the sale of household goods. There are indications that local Namibians have growing resentment for the Chinese retail enterprises that are reportedly adversely affecting Namibian small and medium enterprises in rural Namibia. China's long-term interests in Namibia are tied to Namibia's raw materials (uranium, zinc, and liquid natural gas that could be produced in the future), as well as interest in possible large-scale Namibian mineral exports to China and increased Chinese participation in infrastructure development in Namibia. China also has a space tracking station located on the Namibian coast.

¶2. According to GRN statistics, Chinese exports to Namibia were approximately US\$88 million and Namibian exports to China totaled approximately US\$114 million in 2007.

¶3. Military cooperation with China is significant. China has an extensive bi-lateral cooperation effort with Namibia that includes Namibia-based pilot training, donations of Chinese military hardware as well as China-based professional military training for NDF personnel. In 2007 alone almost 30 military personnel attended training courses in China. Senior Ministry of Defense personnel make regular trips to China and often look east when making decisions.

Engagement Between China and the U.S.

¶4. There are no current areas of cooperation in Namibia between the U.S. and Chinese Missions other than routine discussions amongst diplomats and military attaches.

Possible Areas of U.S.-China Cooperation in Namibia

¶5. Possible areas of cooperation could be arranged by bringing China into closer coordination with other donors, particularly in

the health sector where China is relatively active. This could lead to a decrease in overlap and possible synergies. Trade development is another possible area.

MATHIEU